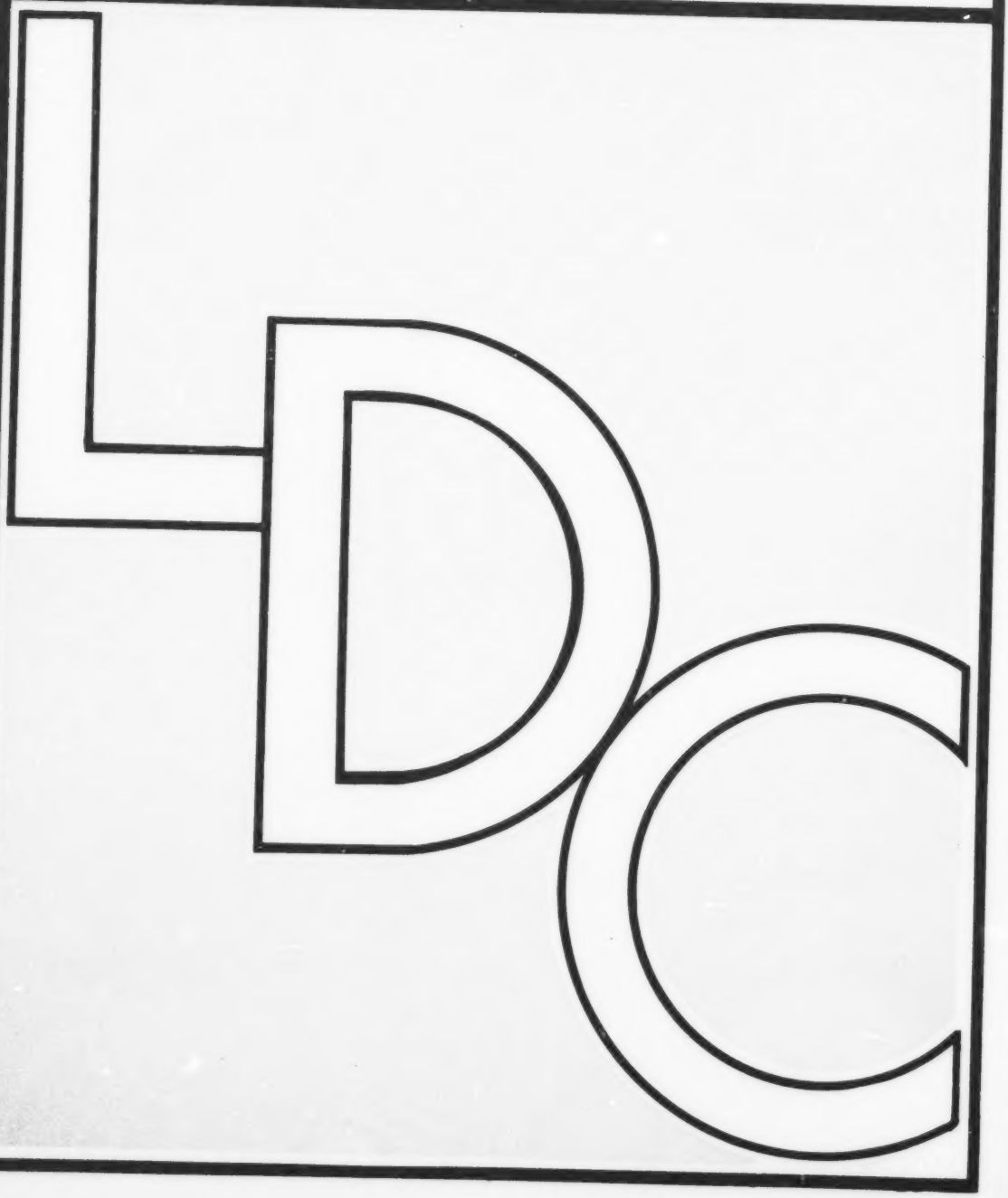
The
Prince Edward Island
LAND DEVELOPMENT CORPORATION

ANNUAL REPORT

For the year ending 31 March 1984



ANNUAL REPORT

OF THE

Prince Edward Island
Land Development Corporation

Year Ending 31 March

1984

CHARLOTTETOWN, PRINCE EDWARD ISLAND

12 July 1984

The Honourable Prowse Chappell
Minister Responsible for the
P.E.I. Land Development Corporation
Charlottetown
Prince Edward Island

Honourable Sir:

In accordance with the Prince Edward Island Land Development Corporation Act, I enclose the report of the Corporation for the fiscal year ended March 31, 1984.

This statement includes the Corporation's audited financial statements for this period.

Respectfully submitted,

FREDERICK G. DOLLAR
Chairman of the Board

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MEMBERS OF THE BOARD OF DIRECTORS

PRINCE EDWARD ISLAND

LAND DEVELOPMENT CORPORATION

MARCH 31, 1984

CHAIRMAN	
Mr. Frederick G. Dollar	Farmer, Winsloe
VICE-CHAIRMAN	
Mr. Leslie Underhay	Farmer, Fortune
SECRETARY/TREASURER	
* Mr. Stanhope Moore	General Manager Land Development Corporation
MEMBERS	
Mr. Alexander Griswold	Dept. of Agriculture
Mr William Jay	P.E.I. Lending Authority
Mr. Lloyd Palmer	Dept. of Agriculture
Mr. Colbourne Clow	Farmer, Freetown
ADVISORY MEMBER	
* Mr. John Van Abbema	Farm Credit Corporation Moncton, New Brunswick

* Non-voting

THE PRINCE EDWARD ISLAND

LAND DEVELOPMENT CORPORATION

POLICY OBJECTIVE

"TO CONSERVE, DEVELOP AND ASSIST IN IMPROVING THE USE OF LAND IN PRINCE EDWARD ISLAND IN RELATION TO ITS CAPABILITY AND IN ACCORDANCE WITH THE PUBLIC INTEREST, BUT WITH A PRIMARY OBJECTIVE OF CONSOLIDATING GOOD AGRICULTURAL LANDS FOR THE PURPOSE OF INCREASING FARMER AND AGRICULTURAL SECTOR INCOME."

PRINCE EDWARD ISLAND LAND DEVELOPMENT CORPORATION

PROGRAM OBJECTIVES

The Land Development Corporation acts as land adjustment agent to:

(a) purchase and retain for farm use agricultural land which is offered for sale.

(b) assist developing and establishing farmers who require land by improving this land as necessary and by making this land available on reasonable terms.

(c) improve the pattern of land holdings and land use in certain areas by land consolidation and to bank lands as required.

(d) assist the livestock sector through the establishment and operation of Community Pastures.

(e) to transfer from agricultural use land unsuitable for agricultural purposes, and to act as government purchasing agent for the Forestry, Fish & Wildlife and Tourism, Parks and Conservation sectors.

PROGRAM AREAS

The program areas established in order to carry out these objectives include:

(a) Acquisition of land:
to acquire land by means of:

i) direct cash purchase from farmers desiring to sell their farm properties.

ii) the annuity program whereby farmers over 60 years of age could receive a monthly annuity for five years. The farm owner also has the option for a lifetime lease of his house and one acre of land.

(b) Dispersal of land:
the mechanisms set up for dispersal of land to farmers include:

i) sales — through direct cash, agreements of sale, or mortgage

ii) renewable five year lease arrangements with the option to purchase

iii) transfer of non-agricultural lands to other sectors for management.

REPORT

"The Land Development Corporation was designed as the vehicle to effectively bring about structural changes in agriculture, the most important of which are lands consolidation, farm unit organization and farm improvements. The Corporation can also play a key role in promoting desirable alternative use for rural lands, such as forestry, wildlife and recreation.

This statement which is found in each of the last fourteen Annual Reports, bears repeating. It is through programs such as those of the Land Development Corporation that the potential of the land resource may be realized thereby increasing income employment and contribution to the economic development of the Province. The wise and efficient utilization of the land resource is, therefore, one of the keys to the success of the Comprehensive Development Plan.

GENERAL MANAGER'S REPORT

The fiscal year ending March 31, 1984, marks the fifteenth year the Corporation has been in operation. I am pleased to report that we have completed another active year. The Corporation purchased 40 properties consisting of 4,375 acres at a value of $2,112,476.00. During the year 99 properties were sold for cash or financed by a mortgage or agreement of sale. These sales, for the most part, consist of properties that have been leased to farmers and they have taken advantage of their option to purchase. Credit extended to farmers during the year amounted to $2,947,503.00 on leases, $306,037.00 on mortgages and agreements of sale for a total of $3,253,540.00. This represents a 10% decrease from the credit extended during the last fiscal year.

Interest rates improved considerably over the previous year with both mortgage rates and lease rates taking a substantial drop. Lease rates are subject to change every quarter and are calculated from the Corporation's borrowing for the previous quarter. For the year under review, lease rates were 9.64%, 9.50%, 9.53%, and 9.64% for the first, second, third, and fourth quarters respectively.

Mortgage rates are the same as the Farm Credit Corporation rates and were set at 12.75% at the beginning of the year and increased to 13.50% on August 25, 1983, and dropped to 13% on November 22, 1983, remaining at that rate to year end.

The applications for capital improvements increased during the year with 18 requests approved for a total of $566,659.00. All request were for the construction of new buildings or for major renovations of older buildings. The monies advanced on such improvements are reflected in the option price of the lease or the capital balance of the mortgage.

During the year under review, the Corporation continued to purchase only properties that could be sold or leased immediately. There were no properties purchased to place in inventory for future use. Under this policy, we are in a position to reduce our existing inventory and corresponding carrying costs.

In my last annual report, I pointed out that there was a weakening in the demand for farm land. This trend continued for the first half of the year. However, during the last two quarters, the demand for land showed a considerable strengthening with an increased number of farmers looking to expand and new farmers coming into the business.

With a drop in interest rates and a strong price for the 1983 potato crop, farmers are moving with much more confidence than the previous year. It is anticipated that this trend will continue into the coming year.

To conclude this report, I acknowledge the co-operation received by the management and staff from the Chairman of the Board and its members, the Minister Responsible, Hon. Prowse Chappell, and other provincial and federal departments with which our staff must work.

Respectfully submitted,

W.S. MOORE, P.Ag.,
General Manager

PRINCE EDWARD ISLAND LAND DEVELOPMENT CORPORATION

STAFF

BETWEEN 1 APRIL 1983 AND 31 MARCH 1984

W. Stanhope Moore	General Manager
Pamela J. Stewart	Secretary to General Manager
Ernest Hudson	Region No. 1 Manager
Frank Duguay	Region No. 2 Manager
Edgar Coffin	Region No. 3 Manager
George Harris	Agriculture Technician
Leola Callaghan	Property Mapping Technician
Leonard Keefe	Administrator

AUDITOR'S REPORT

To the Board of Directors
Prince Edward Island Land Development Corporation

I have examined the balance sheet of the Prince Edward Island Land Development Corporation as at March 31, 1984, and the statement of financial activities for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1984 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

T. Kaptein, C.A.
Auditor General

Charlottetown, Prince Edward Island
June 29, 1984

PRINCE EDWARD ISLAND LAND DEVELOPMENT CORPORATION

BALANCE SHEET

MARCH 31, 1984

(with comparative figures at March 31, 1983)

ASSETS

	1984	1983
CURRENT ASSETS		
Cash	$ 180,159	$ 212,176
Accounts receivable - Trade - Note 2	1,397,846	1,480,604
Accrued interest	89,654	77,660
Property - held for resale	2,787,334	4,036,364
- leased - Note 3	11,480,290	9,579,958
- A.R.D.A properties - Note 4	39,849	39,849
Mortgages and agreements of sale - Current portion (Due March 31, 1985)	90,008	87,861
	16,065,140	15,514,472
LONG-TERM ASSETS		
Mortgages receivable	1,248,945	1,129,707
Agreements of sale receivable	541,102	573,271
	1,790,047	1,702,978
Less: Current portion	90,008	87,861
	1,700,039	1,615,117
Fixed Asset - Computer	11,454	—
Less: Accumulated Depreciation - Note 1(c)	1,821	—
	9,633	—
	1,709,672	1,615,117
TOTAL ASSETS	$17,774,812	$17,129,589

(Notes 1 to 7 are an integral part of these financial statements)

STATEMENT 1

LIABILITIES

	1984	1983
CURRENT LIABILITIES		
Accounts payable		
— Province of Prince Edward Island	$ 1,394,830	$ 1,561,730
— General	24,684	30,817
— A.R.D.A program - Note 4	22,207	23,744
— Accrued taxes	6,653	6,653
Notes payable - Province of Prince Edward Island	8,538,545	7,650,000
Long-term liabilities - Current portion (Due March 31, 1985)	88,703	78,386
	10,075,622	9,351,330
LONG-TERM LIABILITIES		
Loans - Province of Prince Edward Island Note 5	7,767,968	7,836,720
Less: Current portion	88,703	78,386
	7,679,265	7,758,334
A.R.D.A. deferred profit on acquisition of properties - Note 4	19,925	19,925
	7,699,190	7,778,259
TOTAL LIABILITIES	$17,774,812	$17,129,589

STATEMENT 2

PRINCE EDWARD ISLAND LAND DEVELOPMENT CORPORATION

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED MARCH 31, 1984

(with comparative figures for the year ended March 31, 1984)

		1984		1983
INCOME				
Provincial Appropriation		$ 320,241		$ 642,941
Lease income - Note 3		1,208,566		957,001
Interest earned		342,337		358,819
Profit on sale of property - Note 6		69,884		(14,653)
Miscellaneous income		13,075		37,739
A.R.D.A. Lease income - Note 4		952		2,822
		$1,955,055		$1,984,669
EXPENSES				
Administration				
Salaries	$241,747		$235,205	
Office Rental	17,877		20,123	
Office supplies and expense	19,503		22,228	
Travel	9,702		11,115	
General	11,062		7,329	
Board members - fees and expenses	6,167		6,028	
Other rentals	377	$ 306,435	2,152	$ 304,180
Interest		1,531,188		1,568,709
Land transfer costs - Note 7		(16,460)		(8,241)
Bad debts		62,212		27,766
Property purchases expenses		35,708		63,223
Property maintenance		34,151		29,032
Depreciation Expense - Note 1(c)		1,821		—
		$1,955,055		$1,984,669

(Notes 1 to 7 are an integral part of these financial statements)

PRINCE EDWARD ISLAND LAND DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1984

1. Summary of significant accounting policies:

   (A) Net Income —

   The financial statements of the Corporation do not reflect any net income. Government policy is that the Province of Prince Edward Island will absorb the profits or losses of the Corporation in the year in which they occur.

   (B) Inventory —

   The land and buildings held for resale or lease are valued at cost. It is the policy of the Corporation to recognize inventory purchases or sales at the time the funds are disbursed or received.

   (C) Depreciation —

   Depreciation is being charged against the computer at a rate equal to the principal reduction on the five year loan provided by the Province to finance the purchase.

2. Accounts Receivable — Trade Consist of the following:

	1984	1983
Agreement of Sale - principal receivable - Due March 31	$ 31,860	$ 31,017
Agreement of Sale interest receivable	71,760	86,267
Mortgages - principal receivable - Due March 31	55,600	43,422
Mortgage interest receivable	152,214	121,185
A.R.D.A Lease income receivable	2,522	1,839
Community pastures receivable	780	3,514
Lease income receivable	1,238,967	914,677
Parks Canada	—	409,015
Miscellaneous	9,163	12,048
	1,562,866	1,622,984
Less: Allowance for doubtful accounts	165,020	142,380
	$1,397,846	$1,480,604

3. The majority of the leases are for a period of 5 years with the option to purchase at the end of the lease. The majority of the lessees in the past have exercised this option.

4. Title to the A.R.D.A. properties was transferred to the Corporation during the year ended March 31, 1975. This transfer was made at a nil cost to the Corporation, however, the properties were recorded at their original cost under the A.R.D.A program. Pursuant to the Federal-Provincial Cost Sharing Agreement half of the transfer amount was reflected as payable to the Federal Government and half as deferred profit to be recognized as the A.R.D.A properties were sold. In addition, half of any lease income earned from the properties is also payable to the Federal Government.

5. Loans payable — Province of Prince Edward Island, consists of $4,891,000 covered by an agreement between the Province of Prince Edward Island and the Government of Canada. Under this agreement Prince Edward Island Land Development Corporation is to make repayment in three installments — the twentieth, twenty-fifth and thirtieth anniversary dates. For the remaining loans payable, repayment is to be made on an annual basis to maturity. There are 37 separate loans with varying interest rates between 6 11/16% and 13 1/4% and maturity dates between 1997 and 2005.

6. Profit on the sale of property for the year ended March 31, 1984 was based on the following:

Sale of property during the year	$2,110,025
Less: Cost of property sold	2,040,141
	$ 69,884

This sales figure included the sale of National Parks property to the Federal Government for a total of $885,622.

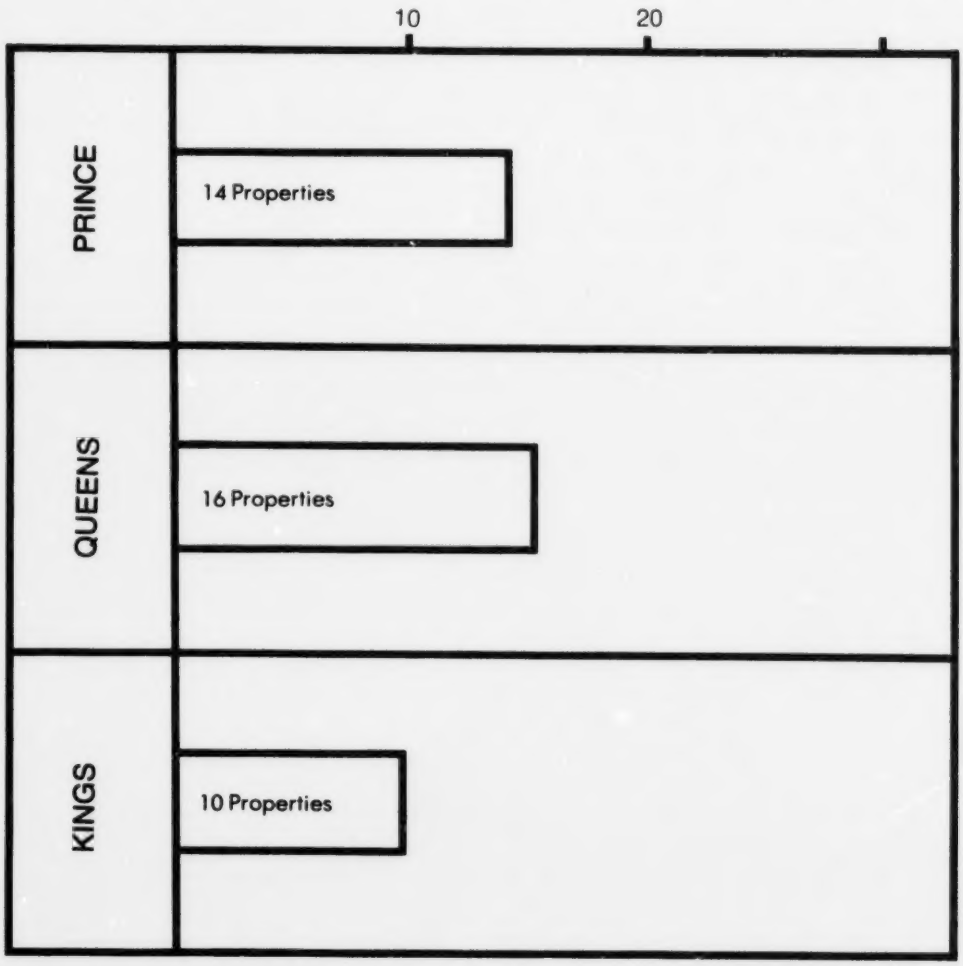
7. Accumulated land transfer costs under the Land Leakage Program to March 31, 1984 totalled:

Buildings	$ 150,895
Land	5,200,691
	$5,351,586

1983-1984 SUMMARY OF LDC PURCHASES

40 Properties

Number of Properties (by County)



1983-1984 SUMMARY OF LDC PURCHASES

(Average Figures)

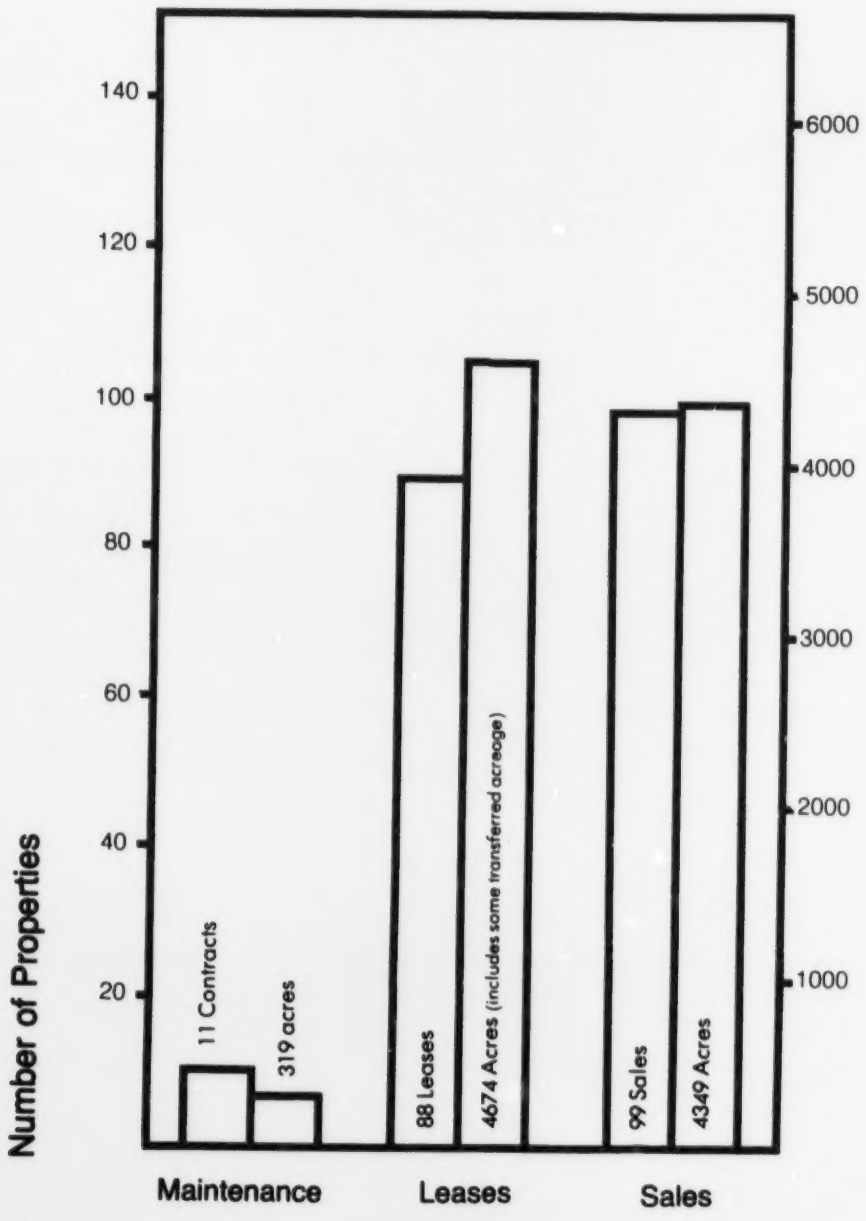
1983 - 1984 SUMMARY OF LDC PURCHASES

Number of Properties
Number of Dollars
Number of Acres

PROPERTIES	40 Properties (excluding Building Improvements) 42 Building Improvements (Individual Advances — 18 Individuals)
DOLLARS	$2,112,476 Total Cost (excluding Building Improvements($566,659 Building Improvements (Includes Land Improvement)
ACRES	4,375 Acres

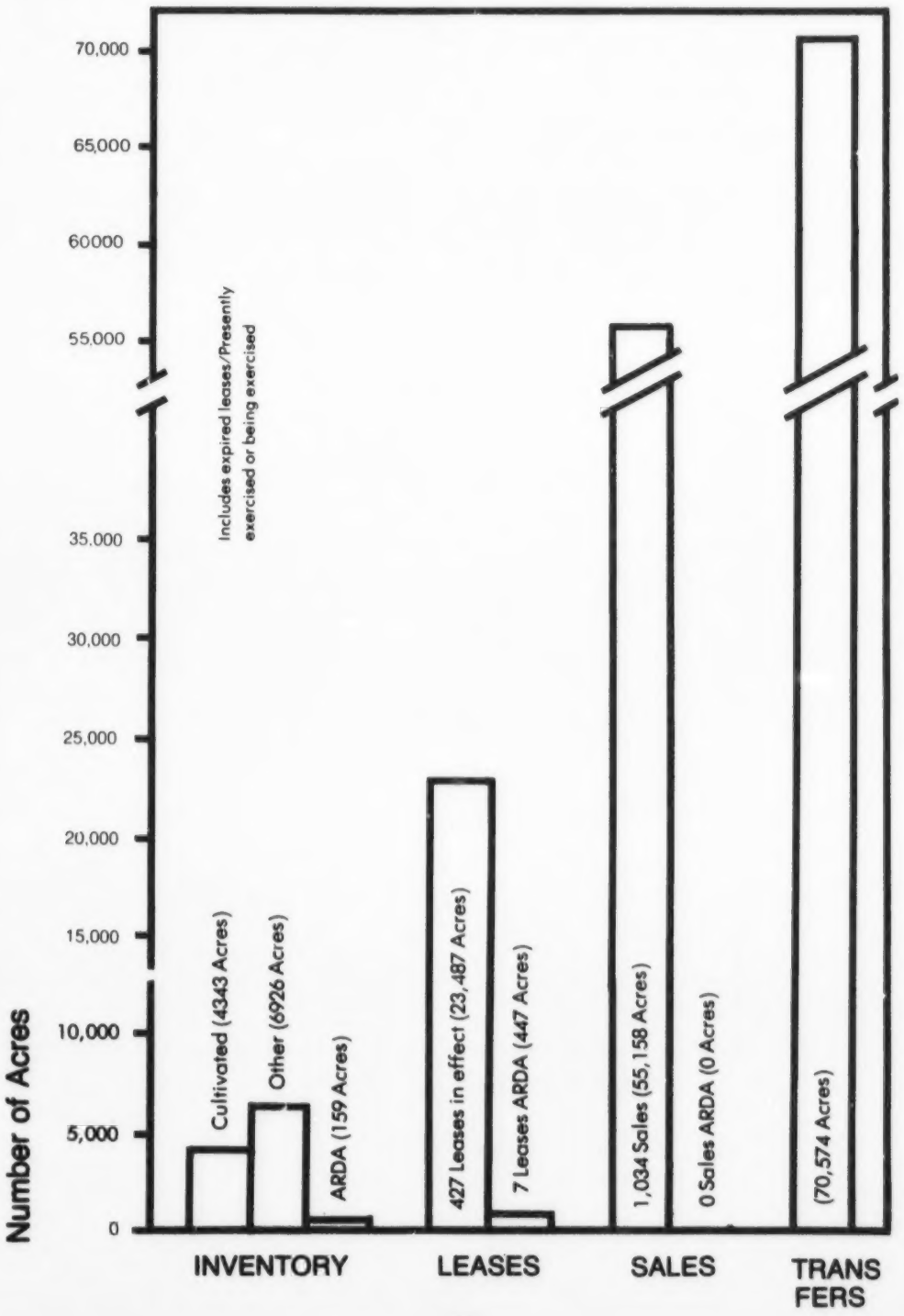
1983-1984 SUMMARY USE OF LANDS

(agreements completed 1983 - 1984)



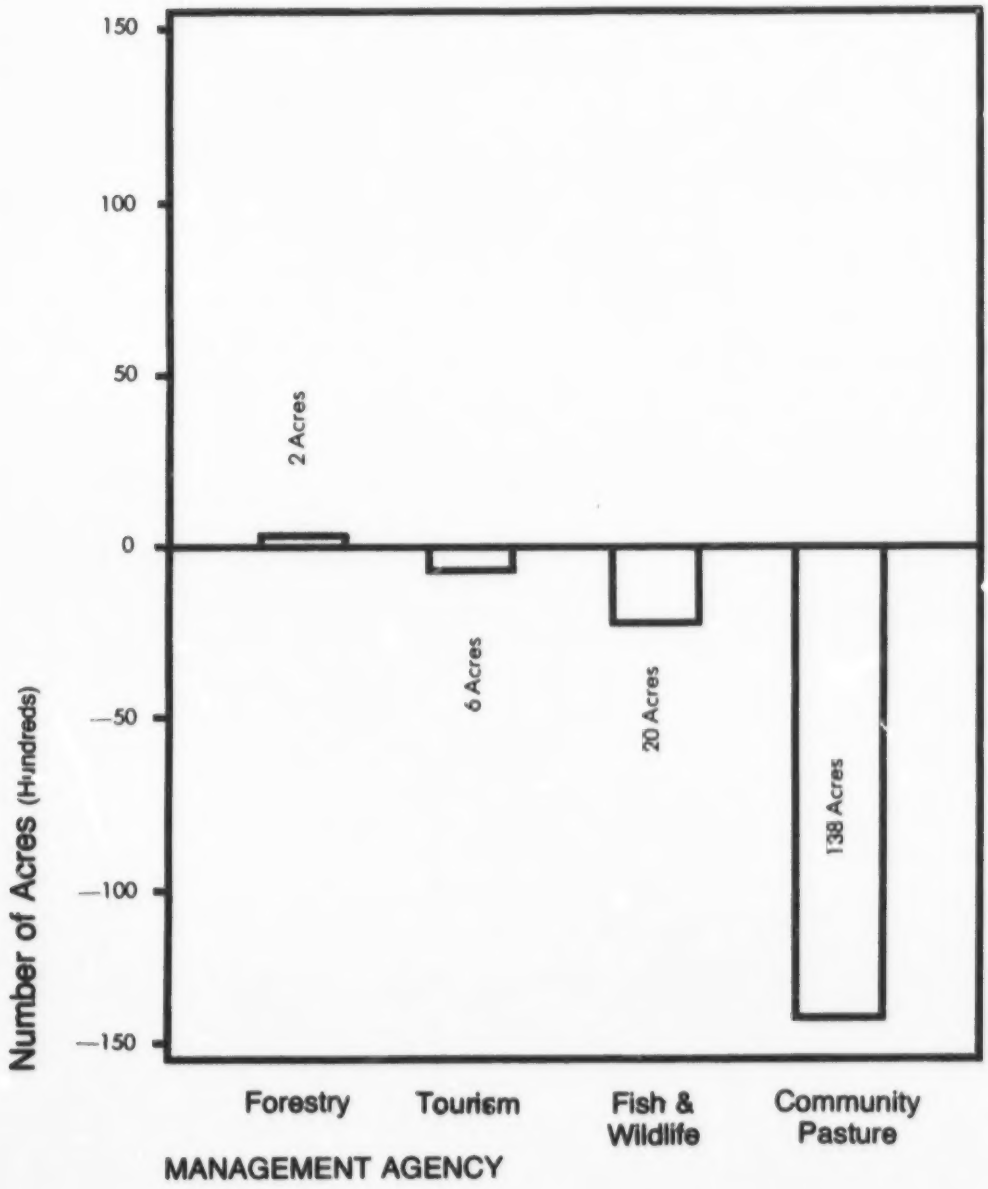
SUMMARY USE OF LANDS

(Cumulative to March 31, 1984)



1983 - 1984 TRANSFER OF LANDS

(adjustment and deleakage)



TRANSFER OF LANDS

(Cumulative to March 31, 1984)